

Message Text

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E.O. 11652: N/A

TAGS: EFIN, ECON, JA

SUBJECT: JAPANESE PROPOSAL FOR OVERSEAS TRAVEL TAX

1. NOV 23 JAPANESE-LANGUAGE MAINICHI SHIMBUN REPORTS THAT JAPANESE FINANCE MINISTRY (MOF) IS CONSIDERING IMPOSITION OF OVERSEAS TRAVEL TAX AS PART OF ITS REVIEW OF POSSIBLE ADDITIONAL REVENUE SOURCES FOR JFY1977. ACCORDING TO ARTICLE, TAX WOULD TAKE FORM OF PASSPORT STAMP TAX WHICH MUST BE PAID EITHER AT TIME OF APPLICATION FOR PASSPORT OR PRIOR TO DEPARTURE FROM COUNTRY, WHETHER FOR REASONS OF BUSINESS OR PLEASURE. MAINICHI REPORT IMPLIES THAT IMPOSITION OF TAX WOULD NOT RPT NOT BE FOR BALANCE OF PAYMENTS ADJUSTMENT. ALTHOIGH NO AMOUNT IS SPECIFIED IN ARTICLE, MOF REPORTEDLY ESTIMATES THAT IT WOULD YIELD 20 BILLION YEN ANNUALLY; GIVEN CURRENT NUMBER OF JAPANESE OVERSEAS TRAVELLERS, THIS WOULD APPEAR TO BE A RATE OF 10,000 YEN PER PERSON. ACCORDING TO MAINICHI ARTICLE, MOFHPROPOSED SIMILAR TAX OF 10,000 YEN IN 1966, BUT IT WAS OPPOSED SUCCESSFULLY BY FOREIGN AND TRANSPORTATION MINISTRIES, WHICH BELIEVED IT WOULD NOT BE AN APPROPRIATE WAY TO MARK INTERNATIONAL TOURIST YEAR IN 1967.

2. FINANCE MINISTRY'S TAX BUREAU TOLD EMBOFF THAT MAINICHI ARTICLE IS "PRESS SPECULATION" AND THAT NO ACTION CAN BE TAKEN IN ANY CASE UNTIL TAX COUNCIL MEETS LATER IN DECEMBER.

3. EMBASSY COMMENT. DEPENDING UPON RATE OF STAY,OVERSEAS UNCLASSIFIED

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TRAVEL TAX COULD HAVE SIGNIFICANT IMPACT ON JAPANESE TRAVEL

TO GUAM AND HAWAII, WHICH HAS BECOME FINANCIALLY ATTRACTIVE AS JAPANESE DOMESTIC TRAVEL COSTS INCREASE, AND LESSER EFFECT ON TRAVEL TO U.S. MAINLAND. IMPOSITION OF TAX WHOSE PRACTICAL EFFECT WOULD BE TO DETER OVERSEAS TRAVEL, WOULD BE A CURIOUS STEP FOR A NATION IN RELATIPELY STRONG EXTERNAL POSITION, WHICH MAY SUGGEST THAT IDEA HAS NOT BEEN FULLY VETTED WITHIN GOJ (OR MAYBE EVEN WITHIN MOF). END COMMENT.

HODGSON

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